

The Need to Reduce Farm Input Costs, Barriers to U.S. Agriculture Production

Issue Overview and Bill Summary

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Long before Russia's invasion of Ukraine, America's farm families and consumers were struggling with fractured supply chains, skyrocketing input costs, and historic levels of inflation, each of which continue to contribute to increased food prices and diminished inventories. The war between Russia and Ukraine, two of the world's biggest suppliers of wheat and sunflower oil, further disrupted the global food system resulting in increased energy prices, fertilizer cost spikes and shortages, and worsening food scarcities in developing countries. According to the Food and Agriculture Organization of the United Nations' (FAO) latest scenarios, the conflict could increase chronic undernourishment by an additional 18.8 million people by 2023. Despite these impending crises, the Biden Administration has neglected to take serious action to incentivize increased American production. In fact, the Administration's regulatory agenda is compounding the situation, further limiting American farmers' ability to meet global food demand.

The White House has been quick to blame the private sector and alleged industry concentration for the current crises. Economists across the spectrum, including former Obama and Clinton Administration officials, have dismissed the strategy as misleading, at best, or otherwise blatantly political. At the behest of the White House, this week, the U.S. House will take up the [Meat and Poultry Special Investigator Act of 2022](#). The bill is House Democrats' latest attempt to scapegoat private industry rather than addressing the very real needs and concerns of farm families and rural America.

House Republicans are advocating for solutions to return to a pro-growth economy by calling on President Biden to reverse his Administration's harmful regulatory agenda that has caused needless uncertainty for farmers, ranchers, and working families. As part of this effort, on Monday House Republicans sent a [letter to President Biden](#) outlining administrative actions which should be implemented immediately to provide real, near-term solutions to address the inflation and global food crises. Forthcoming Republican legislation, “*The Reducing Farm Input Costs and Barriers to Domestic Production Act*,” would end this regulatory overreach, address rising inflation and input costs, and provide certainty to farmers and ranchers so they can continue to provide the world with safe, affordable, and sustainable food and fiber.

See below for summary of the “*The Reducing Farm Input Costs and Barriers to Domestic Production Act*.”

The Reducing Farm Input Costs and Barriers to Domestic Production Act Bill Summary

Reverse EPA Actions Related to Crop Protection Tools

- *Issue:* Exacerbating an already untenable position for American agriculture, the Environmental Protection Agency (EPA) has recently made decisions impacting the ability of producers to access crop protection tools necessary to combat pests and disease and improve soil health. These decisions include but are not limited to the decision to prohibit the use of chlorpyrifos on food crops grown in the U.S., recent biological evaluations (BEs) and proposed interim decisions (PIDs) for a variety of crop protection tools, and the reversal of longstanding policy relating to federal preemption under FIFRA. This Administration's decision to undermine its career scientists has created additional uncertainty for producers, leaving them without readily available alternatives for key planting decisions.
- *Summary of Provision:* Provision requires the EPA Administrator to permit the continued sale and use of a pesticide whose registration is suspended or canceled under this section, or section 3 or 4, or vacated through a court order for not less than five after such cancellation or vacatur.

Reverse EPA WOTUS Changes

- *Issue:* Recently proposed changes to the Waters of the United States (WOTUS) rules create enormous uncertainty for farmers, ranchers, and landowners. The underlying law is vague in defining what constitutes a federal waterway, noting only that they are "navigable," which has historically resulted in egregious, nationwide land grabs by the government. In 2020, this was largely resolved with the Navigable Waters Protection Rule. The Biden EPA thwarted that progress last year by reopening the WOTUS regulations, plunging producers into a regulatory red tape nightmare once again.
- *Summary of Provision:* The provision reinstates the Trump-era WOTUS rule.

SEC Rule on Climate-related Disclosures

- *Issue:* The war on agriculture has even expanded to other Federal agencies, most recently through the proposed Securities Exchange Commission (SEC) rule, "The Enhancement and Standardization of Climate-Related Disclosures for Investors," issued on March 21, 2022. This rule would usurp Congressional authority and make the SEC, not Congress, the arbiter of climate policies as it relates to private businesses. Most concerning for agriculture specifically is that the rule, through so-

called scope 3 emissions, would require farmers, regardless of size, to track and report data to the companies with which they work. Many small farmers do not have the time or resources to comply with such onerous requirements. During a time when this Administration purports to support deconsolidation in the agricultural system, this rule would result in the exact opposite.

- *Summary of Provision:* The provision effectively rescinds the SEC's proposed rule on climate-related disclosure, including the problematic scope 3 emissions for agricultural producers.

Reversal of Biden Solicitor General Action on Glyphosate/Federal Preemption

- *Issue:* The politicization of crop protection tools was further heightened in a May 2022 Solicitor General's brief in the case of *Monsanto Company v. Edwin Harderman* regarding the doctrine of federal preemption. In the brief, which was submitted at the request of the Supreme Court, the Solicitor General surprisingly reversed course on the federal government's once consistent and scientifically-sound position regarding the labeling of pesticides. On May 23, 2022, fifty-four agricultural groups sent President Biden a letter expressing their "grave concern" with the Solicitor General's brief and the "change in long-standing policy regarding the regulation and labeling of pesticide products relied upon by farmers and other users." American farmers use glyphosate on 40% of their acres, helping to enable higher productivity, greater yields, and improved soil quality. At this vital time when our producers are striving to feed a world threatened by food shortages and insecurity, this reversal of policy further undermines the ability of U.S. agriculture to meet global food needs.
- *Summary of Provision:* Provision requires the Administrator of the Environmental Protection Agency to promulgate final regulations making a determination specifying that any label of a pesticide product that contains glyphosate registered under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a) shall not contain a cancer warning.

CEQ NEPA Reversal

- *Issue:* Permitting reform will allow domestic fertilizer production to grow and ensure that the industry and farmers can benefit from sourcing the raw materials needed for the final product domestically. Positive steps were made with changes to National Environmental Policy Act in 2020. Unfortunately, the recently proposed revisions to NEPA under the current administration will only increase uncertainty and cause significant delays in the federal permitting process of extracting key minerals and will only decrease domestic fertilizer production and increase costs.

- *Summary of Provision:* The bill requires CEQ's withdrawal of recently proposed revisions to the NEPA and reinstates the 2020 NEPA streamlining.

Domestic Access to Phosphate and Potash

- *Issue:* Streamlining leasing and permitting processes to expedite exploration, production, processing, reprocessing, recycling, and domestic refining of potash and phosphate is a critically important way to reduce our Nation's vulnerability to supply chain disruptions and lower input costs.

The majority of the phosphate reserves in the world are found overseas; in particular, Morocco and the Western Sahara have over 70% of the world's reserves. To maintain a viable phosphate fertilizer industry in the United States requires reliable and predictive processes to access phosphate ore. A significant portion of the phosphate present in the United States is found on federal lands in the Western U.S. Though getting federal and state approvals to mine such ore is increasingly unpredictable due to permitting process delays and litigation. The NEPA environmental studies, permitting processes, and subsequent litigation often result in permitting expenses exceeding \$10 million.

The production of potash is highly concentrated as it is produced in only fourteen countries. Two of those countries, China and Brazil, utilize all the potash they produce and import significant quantities. The United States (currently tied with Brazil), the largest importer of potash, typically relies on imports for 85-90 percent of its potash supply.

Having potash and phosphate included on the U.S. Geological Survey's (USGS) list of "critical minerals" helps ensure a streamlined and more reliable permitting process. Historically, potash has been included in the list, but it was most recently removed under the Biden Administration.

- *Summary of Provision:* Provision requires the Secretary of the Interior to consider potash and phosphorous for inclusion on the critical mineral list and to provide recommendations on how to boost domestic production.

Nutrient Management/Precision Ag Provisions

- *Issue:* The expansion of affordable precision agriculture technologies and applications could substantially increase crop yields, improve distribution, and reduce input costs such as fertilizer. However, many of these technologies remain cost-prohibitive for the average farmer.

- *Summary of Provision:* The proposed language leverages incentives to adopt costly precision agriculture technology by increasing cost share and practice payments under existing federal programs. It also incentivizes private sector financing of precision agriculture equipment through existing programs. A producer would be able to fund 100% of precision agriculture projects through joint participation of conservation cost-share programs and the Conservation Loan Program.

Reversal of EPA Phosphogypsum Decision

- *Issue:* Phosphogypsum (PG) is a byproduct of phosphate fertilizer production and is currently required to be stored in above-ground stacks at the cost of hundreds of millions of dollars, increasing costs for producers and other end users. Under the previous administration, PG was approved for limited use for road construction before being overturned by the current administration.
- *Summary of Provision:* Provision requires EPA to reinstate use of PG in government road projects.

Vilsack GIPSA Rules Economic Analysis

- *Issue:* The Biden Administration has repeatedly sold a trio of upcoming Packers and Stockyards regulations as the silver bullet to virtually every conceivable problem in the livestock and meat industry. A third-party review of similar proposed rules in 2010 found the industry-wide economic impact to be more than ten times greater than that identified by USDA.
- *Summary of Provision:* Provision requires an economic analysis from the USDA on the costs and benefits of the historically controversial "GIPSA" rules and to publicly post the results of such analysis 90 days prior to the rules being officially re-proposed.

Meat and Poultry Processing Efficiency

- *Issue:* The Biden Administration has repeatedly talked about the importance of ensuring access to meat processing capacity nationwide. However, bowing to union politics, the Administration refused to appeal a court decision that unnecessarily struck down a regulation allowing swine processing plants to more efficiently operate at increased line speeds. The inaction resulted in an immediate loss of pork processing capacity. While the rule in question was finalized under the Trump Administration, it was the culmination of a pilot project started during the Clinton Administration and

further developed under the Obama Administration. Most of the plants effected by the court ruling and lack of appeal had operated safely at such speeds for more than 20 years as a part of the Clinton-era pilot.

- *Summary of Provision:* Provision requires the Secretary to allow swine processing plants effected by the court ruling to return to their previous levels of operation. It also prevents a similar fate for poultry processing establishments who have been safely operating under line speed waivers for years. Finally, the provision would require the Secretary to establish forward looking criteria for allowing meat and poultry processors to operate in excess of arbitrary regulatory line speed limitations.